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February 18, 2022

Rebecca Dayhuff Matsushima
Vice President, Resource Procurement
Hawaiian Electric Company, Inc.
rebecca.matsushima@hawaiianelectric.com

Re: Docket No. 2017-0352 – To Institute a Proceeding Relating to a Competitive Bidding Process to Acquire Dispatchable and Renewable Generation - Guidance for Development of Stage 3 Renewable and Dispatchable Generation Request for Proposals on Oahu and Maui

Dear Ms. Dayhuff Matsushima,

The Hawaii Public Utilities Commission (“Commission”) is closely monitoring the projected reliability assessment and adequacy of supply for the Hawaiian Electric Companies’ (“Hawaiian Electric”) systems on Oahu and Maui, in light of the upcoming retirement of the AES coal plant on Oahu (“AES Plant”) and Kahului Power Plant on Maui (“KPP”).

The Commission recently received Hawaiian Electric’s AES Plant and KPP transition plan updates for fossil fuel retirements on Oahu¹ and Maui,² which discussed a reliability assessment for each island and detailed contingency plans for meeting reliability needs. Both updates cited replacement capacity projects selected during the Stage 1 and 2 Request for Proposals (“Stage 1 and 2 RFPs”) that were the subject of this docket as measures that will ensure reliability while retiring fossil fuel plants.

On January 31, 2022, Hawaiian Electric submitted annual Adequacy of Supply (“AOS”) reports for Oahu and Maui.³ These reports stated that shortfalls of the Energy Reserve

¹See Docket No. 2021-0024, Update on Transition Plan for Fossil Fuel Retirement on Oahu, filed on January 14, 2022.

²See Docket No. 2021-0024, Kahului Power Plant Transition Plan Update, filed on December 6, 2021.

³“Adequacy of Supply” reports filed respectively by each of the Companies on January 31, 2022 (non-docketed), available at: <https://puc.hawaii.gov/reports/energy-reports/adequacy-of-supply/>.

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Margin criteria were anticipated for Maui in 2022 and 2023, while planned generation and storage resource additions would satisfy these criteria for 2024 through 2026. On Oahu, the AOS report stated that the Energy Reserve Margin target is satisfied from 2022 through 2026 with the addition of planned generation and storage resources. The planned resource additions for Oahu and Maui in these reports refer to the Stage 1 and 2 projects with unsuspended dockets, as well as the Community-Based Renewable Energy ("CBRE") projects that are the subject of Docket No. 2015-0389.

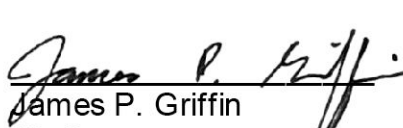
To date, nearly all Stage 1 and 2 projects have faced delays resulting in multiple projects from Stage 2 withdrawing, or notifying Hawaiian Electric of the possibility of withdrawal, due to pandemic-related supply chain issues impacting equipment costs and timely delivery.

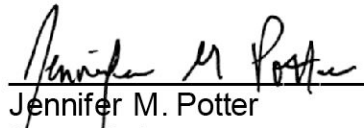
As such, in order to meet the future replacement capacity needs, the Commission finds it is necessary for Hawaiian Electric to perform another round of competitive procurements on Oahu and Maui as soon as possible. Accordingly, the Commission directs Hawaiian Electric to develop RFP materials for a Stage 3 competitive bidding process.

In developing the Stage 3 RFP materials, Hawaiian Electric should incorporate the guidance and improvements that were offered by the Commission and stakeholders in the Stage 3 RFP for Hawaii Island in the instant docket, the CBRE RFPs, and the Interconnection Docket (Docket No. 2021-0024). The Stage 3 RFP scope should be based on the latest grid needs assessment for Oahu and Maui and should account for the anticipated development schedules for the Stage 1 and 2 projects.

In summary, the Commission directs Hawaiian Electric to move with urgency to ensure an adequate amount of replacement renewable projects are pursued in order to meet the reliability needs and fossil fuel retirement goals in line with Hawaii's energy policy goals.

Sincerely,


James P. Griffin
Chair


Jennifer M. Potter
Commissioner


Leodoloff R. Asuncion, Jr.
Commissioner

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